

113TH CONGRESS  
1ST SESSION

# H. R. 529

To amend the Internal Revenue Code of 1986 to allow certain individuals a credit against income tax for contributions to 529 plans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2013

Ms. JENKINS (for herself and Mr. KIND) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow certain individuals a credit against income tax for contributions to 529 plans, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-  
2 tives of the United States of America in Congress assembled,*

**3 SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Savings Enhancement  
5 for Education in College Act”.

**6 SEC. 2. CREDIT FOR CONTRIBUTIONS TO 529 PLANS.**

7       (a) IN GENERAL.—Subsection (d) of section 25B of  
8 the Internal Revenue Code of 1986 (relating to elective  
9 deferrals and IRA contributions by certain individuals) is

1 amended by redesignating paragraph (2) as paragraph (3)  
2 and by inserting after paragraph (1) the following new  
3 paragraph:

4           **(2) CONTRIBUTIONS TO QUALIFIED TUITION  
5 PROGRAMS.—**

6           “(A) IN GENERAL.—The term ‘qualified  
7 savings contribution’ includes the amount of  
8 any purchase or contribution described in para-  
9 graph (1)(A) of section 529(b) to a qualified  
10 tuition program (as defined in such section)  
11 if—

12           “(i) the taxpayer has the power to au-  
13 thorize distributions and otherwise admin-  
14 ister the account, and

15           “(ii) the designated beneficiary of  
16 such purchase or contribution is the tax-  
17 payer, the taxpayer’s spouse, or an indi-  
18 vidual with respect to whom the taxpayer  
19 is allowed a deduction under section 151.

20           “(B) LIMITATION BASED ON COMPENSA-  
21 TION.—The amount treated as a qualified sav-  
22 ings contribution by reason of subparagraph  
23 (A) for any taxable year shall not exceed the  
24 sum of—

1                         “(i) the compensation (as defined in  
2                         section 219(f)(1)) includible in the tax-  
3                         payer’s gross income for the taxable year,  
4                         and

5                         “(ii) the amount excluded from the  
6                         taxpayer’s gross income under section 112  
7                         (relating to combat pay) for such year.

8                         “(C) DETERMINATION OF ADJUSTED  
9                         GROSS INCOME.—Solely for purposes of deter-  
10                         mining the applicable percentage under sub-  
11                         section (b) which applies with respect to the  
12                         amount treated as a qualified savings contribu-  
13                         tion by reason of subparagraph (A), adjusted  
14                         gross income (determined without regard to this  
15                         subparagraph) shall be increased by the excess  
16                         (if any) of—

17                         “(i) the social security benefits re-  
18                         ceived during the taxable year (within the  
19                         meaning of section 86), over

20                         “(ii) the amount included in gross in-  
21                         come for such year under section 86.”.

22                         (b) CONFORMING AMENDMENTS.—

23                         (1) Section 25B of such Code is amended by  
24                         striking “qualified retirement savings” each place it

1 appears in the text and inserting “qualified sav-  
2 ings”.

3 (2) The subsection heading for section 25B(d)  
4 of such Code is amended by striking “RETIRE-  
5 MENT”.

6 (3) Subparagraph (A) of section 25B(d)(3) of  
7 such Code, as redesignated by subsection (a), is  
8 amended—

9 (A) by striking “paragraph (1)” the first  
10 place it appears and inserting “paragraph (1)  
11 or (2)”, and

12 (B) by striking “paragraph (1)” the sec-  
13 ond place it appears and inserting “paragraph  
14 (1), or (2), as the case may be.”.

15 (4) The heading for section 25B of such Code  
16 is amended by striking “**AND IRA CONTRIBU-**  
17 **TIONS**” and inserting “**, IRA CONTRIBUTIONS,**  
18 **AND QUALIFIED TUITION PROGRAM CONTRIBU-**  
19 **TIONS**”.

20 (5) The table of sections for subpart A of part  
21 IV of subchapter A of chapter 1 of such Code is  
22 amended by striking the item relating to section 25B  
23 and inserting the following new item:

“Sec. 25B. Elective deferrals, IRA contributions, and qualified tuition program contributions by certain individuals.”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to contributions made after De-  
3 cember 31, 2012, in taxable years ending after such date.

4 **SEC. 3. EXCLUSION FROM GROSS INCOME FOR EMPLOYER**

5                   **CONTRIBUTIONS TO QUALIFIED TUITION**  
6                   **PROGRAMS.**

7       (a) IN GENERAL.—Part III of subchapter B of chap-  
8 ter 1 of the Internal Revenue Code of 1986 (relating to  
9 items specifically excluded from gross income) is amended  
10 by inserting after section 127 the following new section:

11 **“SEC. 127A. EMPLOYER CONTRIBUTIONS TO QUALIFIED**  
12                   **TUITION PROGRAMS.**

13       “(a) IN GENERAL.—Gross income of an employee  
14 does not include amounts paid by the employer as con-  
15 tributions to a qualified tuition program held by the em-  
16 ployee or spouse of the employee if the contributions are  
17 made pursuant to a program which is described in sub-  
18 section (b).

19       “(b) MAXIMUM EXCLUSION.—The amount excluded  
20 from the gross income of an employee under this section  
21 for the taxable year shall not exceed \$600.

22       “(c) QUALIFIED TUITION ASSISTANCE PROGRAM.—  
23 For purposes of this section, a qualified tuition assistance  
24 program is a separate written plan of an employer for the  
25 benefit of such employer’s employees—

1               “(1) under which the employer makes matching  
2 contributions to qualified tuition programs of—  
3               “(A) such employees,  
4               “(B) their spouses, or  
5               “(C) any individual with respect to whom  
6 such an employee or spouse—  
7               “(i) is allowed a deduction under sec-  
8 tion 151, and  
9               “(ii) has the power to authorize dis-  
10 tributions and otherwise administer such  
11 individual’s account under the qualified  
12 tuition program, and  
13               “(2) which meets requirements similar to the  
14 requirements of paragraphs (2), (3), (4), (5), and  
15 (6) of section 127(b).

16               “(d) DEFINITIONS AND SPECIAL RULES.—For pur-  
17 poses of this section—

18               “(1) QUALIFIED TUITION PROGRAM.—The term  
19 ‘qualified tuition program’ means a qualified tuition  
20 program as defined in section 529(b).

21               “(2) EMPLOYEE AND EMPLOYER.—The terms  
22 ‘employee’ and ‘employer’ shall have the meaning  
23 given such terms by paragraphs (2) and (3), respec-  
24 tively, of section 127(c).

1           “(3) APPLICABLE RULES.—Rules similar to the  
2       rules of paragraphs (4), (5), (6), and (7) of section  
3       127(c) shall apply.

4           “(e) INFLATION ADJUSTMENT.—

5           “(1) IN GENERAL.—In the case of any taxable  
6       year beginning in a calendar year after 2013, the  
7       \$600 amount contained in subsection (b)(1) shall be  
8       increased by an amount equal to—

9           “(A) such dollar amount, multiplied by

10           “(B) the cost-of-living adjustment deter-  
11       mined under section 1(f)(3) for the calendar  
12       year in which the taxable year begins, deter-  
13       mined by substituting ‘calendar year 2012’ for  
14       ‘calendar year 1992’ in subparagraph (B)  
15       thereof.

16       Any increase determined under the preceding sen-  
17       tence shall be rounded to the nearest multiple of  
18       \$50.

19           “(f) CROSS REFERENCE.—For reporting and record-  
20       keeping requirements, see section 6039D.”.

21           (b) EXCLUSION FROM EMPLOYMENT TAXES.—

22           (1) Sections 3121(a)(18), 3306(b)(13), and  
23       3401(a)(18) of such Code are each amended by in-  
24       serting “127A,” after “127,” each place it appears.

(c) REPORTING AND RECORDKEEPING REQUIREMENTS.—Section 6039D(d)(1) of such Code is amended by inserting “127A,” after “127.”.

7 (d) OTHER CONFORMING AMENDMENTS.—

1       (e) CLERICAL AMENDMENT.—The table of sections  
2 for part III of subchapter B of chapter 1 of such Code  
3 is amended by inserting after the item relating to section  
4 127 the following new item:

“Sec. 127A. Employer contributions to qualified tuition programs.”.

5       (f) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 the date of the enactment of this Act.

